GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3133
ANSWERED ON:10.08.2001
PROBLEMS OF SHARE BROKERS
SADASHIVRAO DADOBA MANDLIK

Will the Minister of FINANCE be pleased to state:

(a) the reasons behind strike observed by the share brokers recently;

(b) whether the Government are considering the demands of the share brokers on priority basis;

(c) if so, the time by which their demands are likely to be met;

(d) whether it was the ripe time to introduce the rolling system in the share market, whereas the economies of the several countries including India is in the grip of recession;

(e) whether the turnover of the share market has been affected adversely after introduction of the rolling scheme;

(f) if so, the details thereof and the reasons therefor; and

(g) the measures being taken by the Government to remove the cash crunch in share market?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (c) : The representations made, inter alia, by brokers were to review:
(i) introduction of rolling settlement,
(ii) ban on deferral products,
(iii) bank finance for brokers and investors,
(iv) turnover fees. Government has requested SEBI to examinethe demands made by the brokers and to send SEBI`s recommendations on the same.

(d) to (g) : On March 13, 2001, Government hadannounced that rolling settlement would be extended to 200 category `A` stocks by July, 2001 as a measure to improve institutional mechanisms and trading practices in stock markets. From July 2,2001, rolling settlement has been introduced in scrips which includes all scrips which had the facility of Carry Forward. Rolling Settlement is an important capital market reform measure which brings in certainty of trades, reduces risk and delay in settlement and keeps `undue` speculation under control. Introduction of rolling settlement and abolition of badla are consistent with and a logical extension of the reforms that have taken place in the stock markets in the 1990s. Most of the decline in trading turnover occurred in March-April, 2001. The trading turnover has come down relatively less between June and July, 2001.